

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13th Ave SW, Fargo

Thursday, February 19, 2009

8:30 A.M.

Members Present: Ms. Joan Ehrhardt
Mr. Levi Erdmann
Mr. Ron Leingang
Mr. Mike Sandal
Ms. Arvy Smith
Mr. Thomas Trenbeath

Via Conference Call: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Rebecca Fricke, NDPERS
Ms. Diane Heck, NDPERS
Mr. Srinivas Goluguri, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Ms. Onalee Sellheim, BCBSND
Ms. Gisele Thorson, NDPEA
Mr. Bill Kalanek, AFPE

Via Conference Call: Mr. Kevin Schoenborn, BCBSND
Ms. Jodi Crouse, BCBSND
Mr. Rob Schering, BCBSND

Chairman Strinden called the meeting to order at 8:30 a.m.

MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the January 22, 2009 Board meeting.

MR. TRENBEATH MOVED APPROVAL OF THE JANUARY 22, 2009 NDPERS BOARD MINUTES. THE MOTION WAS SECONDED BY MR. SANDAL. THE MINUTES WERE APPROVED.

RETIREMENT

Experience Study

Mr. Collins reported to the Board that an experience study is done every five years and the last experience study was for the five years ending June 30, 2004. The experience study reviews the economic and demographic assumptions from the past five years to make sure the assumptions remain valid. Another study should be conducted at the end of this next valuation in June 2009. One option is to have Segal do the valuation. Another option would be to prepare a request for proposal, go to bid and select a firm. PERS will be going to market later this year to bid for retirement consulting services for 2010-2016.

The Board discussed this issue.

MR. TRENBEATH MOVED THAT PERS STAFF PROCEED WITH A REQUEST FOR PROPOSAL TO HIRE A CONSULTANT TO CONDUCT AN EXPERIENCE STUDY. THE MOTION WAS SECONDED BY MR. LEINGANG.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: None

MOTION PASSED

GROUP INSURANCE

Mr. Collins informed the Board that the Diabetes Management Program update will be scheduled for the March meeting.

Minimum Participation/Contribution Study

Mr. Collins shared a report with the Board relating to its annual compliance review of participating employers for the 2008 calendar year. Compliance is at 100%.

PPO Participation/Discounts

Mr. Collins presented the Board with a PPO network activity update. In 2008, 454 professional pins were issued and 38 facilities and 11 institutional providers were added to the directory. Board questions and discussion occurred.

Go Red ND Initiative

Ms. Joan Enderle, the Director of the Go Red North Dakota Project, a workplace wellness program that is in place in several workplaces, provided the Board with an update relating to this initiative. The goal of this initiative of the American Heart Association and Dakota Medical Foundation is to improve the cardiovascular health of women and their families in North Dakota. The Board had questions of Ms. Enderle.

Health Plan Update

Mr. Schoenborn, BCBSND, presented the health premiums reprojection information to the Board. Trends are higher than what was originally projected for actives and retirees. The actives are trending at about 13-14% and the retirees are at 5% higher, both are higher trends than the original estimates. Board questions and discussion occurred. Mr. Collins presented an update relating to other group insurance issues including rates and funding status.

Pre-Medicare 3+ Rate

Mr. Collins reported the issue of pre-Medicare retiree 3+ rate was brought to the Board's attention several months ago. Seven members transitioned from COBRA erroneously to a non-Medicare family contract instead of a non-Medicare family contract of three or more members (3+ rate). The members' rates have since been adjusted to the correct rate. Mr. Collins also reported that administrative procedures have been modified to require that all members must complete a health insurance application whenever there is a transition to a new rate structure in order to verify covered dependents on the member's contract which ensures they will be set up with the correct premium.

The Board discussed this issue.

MR. TRENBEATH MOVED THAT A PROSPECTIVE ADJUSTMENT FOR THE SUBSCRIBERS WHO WERE IN THE WRONG RATE CATEGORY WAS EQUITABLE UNDER THE UNIQUE FACTS OF THE SITUATION AND THAT NO FURTHER ACTION SHOULD BE TAKEN, AND TO REFUND THE OVERPAYMENT AMOUNTS. THE MOTION WAS SECONDED BY MS. EHRHARDT.

The Board further discussed this motion.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: None

MOTION PASSED

Dakota Retiree Plan Design

Mr. Collins reported that the PERS Retiree Subcommittee has been meeting to review the possibility of proposing a change to the retiree health plan from the existing carve out plan to one that would be based on the Medicare supplement Plan F design. The subcommittee met to discuss this change and voted to move forward with that transition. A final decision must be made in March. Mr. Schoenborn, BCBSND, reviewed with the Board the retiree health plan design including the benefit structure/design. The benefit structure follows Medicare Plan F guidelines, wellness benefits are expanded, and coinsurance and deductibles will decrease. For the group on average, there will be a rate reduction of 13.4% in the old plan, but the new plan will increase rates by about 4.9% due to the higher benefits.

MS. EHRHARDT MOVED THAT PERS CONTINUE TO MOVE FORWARD WITH THE DAKOTA RETIREE PLAN DESIGN CHANGES SUBJECT TO FINAL CONSIDERATIONS OF THE RATINGS. THE MOTION WAS SECONDED BY MR. LEINGANG.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: None

MOTION PASSED

Employee Assistance Program (EAP) Renewal

Mr. Collins reported that the EAP request for proposal is done every two years and the plan is to issue it next month for the 2009-2011 biennium. There are currently four active EAP contracts. Board discussion occurred.

MR. SANDAL MOVED APPROVAL TO ISSUE A REQUEST FOR PROPOSAL TO SOLICIT EMPLOYEE ASSISTANCE PROGRAM VENDORS. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: None

The Board further discussed the issue and the motion.

MOTION PASSED

Surplus/Affordability Update

Mr. Reinhardt presented the December projections to the Board. At this time the projected gain for the 2007-09 biennium is \$0.

MISCELLANEOUS

Board Election Committee

Mr. Collins indicated to the Board there is a need to appoint a committee of three, one of whom must be designated as chair, to oversee the election process. Mr. Sandal, Mr. Erdmann, and Mr. Strinden volunteered to be on the election committee.

MR. TRENBEATH MOVED APPROVAL OF MR. SANDAL, MR. ERDMANN, AND MR. STRINDEN TO SERVE ON THE ELECTION COMMITTEE, WITH A CHAIR TO BE SELECTED AMONG THE THREE VOLUNTEERS. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden.

Nays: None

MOTION PASSED

Legislative Update

Mr. Collins presented the Board with a legislative update, including the current status of bills. PERS budget bill has been approved as amended, with the standard amendment to include reduction of the salary and wage line item by 2%. HB1121, HB1173, HB1575, SB2153 and SB2154 passed the house. HB1120 failed to pass.

PERSLink Quarterly Report

Mr. Reinhardt reviewed with the Board the fourth quarter 2008 PERSLink status report which PERS is required to file with ITD throughout the duration of the project. The project is on time and on budget.

2008 Business Plan

Mr. Collins reviewed with the Board the 2008 business plan which was provided to present a perspective of the activities that occurred last year. The document guides PERS many business activities for the year and is broken out by program agency drivers or guiding principles.

The SIB agenda will be sent to the Board members when available.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:00 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board